



State of Washington
Department of Revenue

Excise Tax Advisory

Excise Tax Advisories (ETA) are interpretive statements issued by the Department of Revenue under authority of RCW 34.05.230. ETAs explain the Department's policy regarding how tax law applies to a specific issue or specific set of facts. They are advisory for taxpayers; however, the Department is bound by these advisories until superseded by Court action, Legislative action, rule adoption, or an amendment to or cancellation of the ETA.

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SALES OF DRAWINGS AND PLANS

Issued: January 31, 1996

This excise tax bulletin is a clarification of the Department's position and does not represent a change.

Prior to July 1, 1993, design services, architectural services, and engineering services were taxable under the service and other business activities business and occupation (B&O) tax classification. Legislation enacted in 1993 established a new B&O tax classification effective July 1, 1993, with a title of selected business services which applies to these services. This includes the activity of providing design services and preparation of custom plans for customers.

In the process of performing design services for a customer, the customer will generally receive one or more copies of drawings or plans. These drawings or plans are considered to be the mere representation of the professional services which were provided to the customer. The service provider is not considered to have made the sale of tangible personal property when the drawings or plans are intended to be part of the professional service. The service provider is the consumer and required to pay retail sales or use tax on any materials, such as paper, ink, etc., that went into the drawings or plans.

However, if the customer may purchase copies of the drawings and plans in addition to those received as part of the professional service, the sale of these additional drawings and plans is a retail sale. For example, assume the customer receives three sets of house plans in connection with the custom design of a house. In addition, the customer purchases additional copies of the plans for fifty dollars per set. The sale of these additional plans is a retail sale. This purchase is separate from the purchase of the

ETBS have been made Excise Tax Advisories, and have retained their old number. Advisories with a 2 (plus three digits) are new advisories, ETBs that have been revised and readopted after review under the Department's regulatory improvement program, or advisories that have been revised and/or readopted.

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professional services and the true object of this transaction is to simply purchase additional copies of the plans.

Some designers may prepare "standard" or "pre-drafted" plans which are available for sale to any customer and are not prepared for a specific customer. There are only minimal professional services provided to the customer in connection with these sales. The sale of these plans is also a retail sale. This may include situations where the designer may show the customer various sets of "standard" plans and may identify and explain the differences between specific plans. No actual design services are performed for the customer and only minor or incidental modifications to the existing plans are made. In many cases, no consultation charge is made to the customer who does not purchase the plans or drawings. The true object of the transaction is the ultimate sale of tangible personal property which is a retail sale.

If a consultation charge is made to the customer and no custom design services are performed, whether or not "standard" or "pre-drafted" plans are sold to the customer, the consultation charge is taxable under the service B&O tax classification and the sale of the "standard" plans is a retail sale.